

# *Legislative Performance Audit*

## *Committee*

### **Committee Members:**

*Senator John Harms, Chair*  
*Senator Heath Mello, Vice Chair*  
*Speaker Mike Flood*  
*Senator Annette Dubas*  
*Senator Lavon Heidemann*  
*Senator Bob Krist*  
*Senator John Wightman*

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*Stephanie Meese, Legal Counsel*

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## **Audit Plan**

### **The Nebraska Advantage Act and Selected Other Tax Incentive Programs**

On or before **December 3, 2012**, the Legislative Audit Office (Office) will submit a draft report of its audit findings and recommendations to the Legislative Performance Audit Committee (Committee) and the Nebraska Department of Revenue.

### **Audit Scope**

1. What was the Nebraska Advantage Act created to do, and what were the projected costs and benefits when the Act was passed in 2005?
2. How do the program's actual costs and benefits compare to the projections? How does the modeling done by the Nebraska Department of Revenue compare to best practices?

If time permits, the audit will address the above two questions for the Nebraska Advantage Rural Development Act, the Nebraska Advantage Microenterprise Tax Credit Act and the Nebraska Advantage Research and Development Act. The audit will also address these questions:

3. What does existing research say about the complexities of assessing tax incentive programs?
4. What are the requirements of the Tax Expenditure Reporting Act and is the Nebraska Department of Revenue complying with those requirements?

### **Methodology**

The Office will use a standard qualitative research methodology. We will:

- Review relevant state statutes and other applicable documents such as legislative histories, Attorney General Opinions, rules and regulations, and budget information;
- Examine agency records, which include but are not limited to, program data, technical reports, annual reports, internal policies and procedures, plans, and related materials; and
- Conduct interviews with Revenue Department staff and others as necessary.

*Audit Plan adopted by the Legislative Performance Audit Committee October 26, 2012 and revised on November 16, 2012.*